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UNCLAS KUWAIT 003140

SIPDIS

STATE FOR EB/ESC/ESP (GLASS)
STATE FOR S/CT (FOX)
STATE FOR IO/PHO (PEREZ)
STATE FOR NEA/ARP AND NEA/RA
TREASURY FOR GENERAL COUNSEL AUFHAUSER
TREASURY FOR OFAC DIRECTOR NEWCOMB
TREASURY FOR DAS FOR TERRORISM AND VIOLENT CRIMES (ZARATE)
TREASURY FOR TASK FORCE ON TERRORIST FINANCING

E.O. 12958: N/A

TAGS: [EFIN](#) [ETTC](#) [PTER](#) [PREL](#) [PGOV](#) [KU](#)

SUBJECT: IRAQ ASSETS FREEZE/GOK REVIEW OF TERRORIST FINANCE
INTERVENTION EFFORTS

REF: A. KUWAIT 3044

[B](#). KUWAIT 2992

[C](#). STATE 196163

[D](#). STATE 186972

[E](#). STATE 71056

[F](#). KUWAIT 1221 AND PREVIOUS

[11](#). (U) In initial courtesy calls, in-coming Econ Chief met on 28 June with Ministry of Finance U/S Abdul Mohsen Al-Hunaif and Dep U/S Mustafa Shamali; on 30 June with Kuwait Stock Exchange Technical Chief Wafa Al-Rashid; and on 1 July with Banking supervisors Abdul-Aziz Al-Bader and Abdullah Al-Sabah of the Central Bank of Kuwait (CBK) for general discussions regarding GOK activities in support of UNSCR 1483, earlier resolutions, and actions of the UN 661 Iraq Sanctions Committee.

[12](#). (U) CBK officials on 1 July confirmed receipt of Ref D letter from Treasury Secretary Snow and informed us that Ministry of Foreign Affairs officials, in conjunction with the Ministry of Finance, would conduct a review of GOK actions thus far in support of terrorist finance interdiction. Subsequently, ECON provided the Ministries of Finance and Foreign Affairs copies of the Treasury letter and renewed our earlier request (Ref E) for an update on the specifics of GOK's finance interdiction activities.

[13](#). (U) ECON delivered Ref C demarche and talking points to Ministry of Foreign Affairs on 10 July and subsequently to the appropriate offices of the CBK and the Ministry of Finance. The accompanying diplomatic note reiterated earlier requests for an update on Kuwait's finance interdiction program. Our interlocutors cited the recent National Assembly elections concluded on 5 July and the current reorganization of Government as factors that have delayed GOK's review and update of Kuwait's actions to date in the interdiction of terrorist financing.

[14](#). (U) Comment. We sense no reluctance on the part of our interlocutors to provide the promised review of Kuwait's activities in support of UNSCR 1483, earlier resolutions, and actions of the UN 661 Iraq Sanctions Committee. The National Assembly elections indeed have brought some changes (Refs A and B) in the political line up that inevitably will affect who does what regarding the War on Terrorism, which understandably is a raised profile issue here. Additionally, the GOK recently re-organized key elements for its financial house supervision. Within the past six weeks, the GOK has promulgated Law 30 amending the 1968 Law 32 to bring the "Islamic Banks" under Central Bank supervision as if they were regular commercial operations; the Kuwaiti interagency Anti-Money Laundering and Anti-Terrorism Financing Committee was organized formally; and the Finance Ministry transferred control of the Financial Intelligence Unit to the Central Bank from the Ministry of Justice. We expect the bureaucratic dust of the elections and the supervisory units' reorganization to settle soon and will encourage our interlocutors to bring us up-to-date immediately thereafter.
End Comment.

JONES